

**ANNUAL USE OF CAPITAL SURVEY - 2009****NAME OF INSTITUTION**

(Include Holding Company Where Applicable)

Trustmark Corporation

Person to be contacted regarding this report:	Louis Greer
CPP Funds Received:	\$215,000,000
CPP Funds Repaid to Date:	\$215,000,000
Date Funded (first funding):	11/21/2008
Date Repaid ¹ :	12/9/2009

RSSD: (For Bank Holding Companies)	1079562
Holding Company Docket Number: (For Thrift Holding Companies)	
FDIC Certificate Number: (For Depository Institutions)	4988
City:	Jackson
State:	Mississippi

¹If repayment was incremental, please enter the most recent repayment date.

American taxpayers are quite interested in knowing how banks have used the money that Treasury has invested under the Capital Purchase Program (CPP). To answer that question, Treasury is seeking responses that describe generally how the CPP investment has affected the operation of your business. We understand that once received, the cash associated with TARP funding is indistinguishable from other cash sources, unless the funds were segregated, and therefore it may not be feasible to identify precisely how the CPP investment was deployed or how many CPP dollars were allocated to each use. Nevertheless, we ask you to provide as much information as you can about how you have used the capital Treasury has provided, and how your uses of that capital have changed over time. Treasury will be pairing this survey with a summary of certain balance sheet and other financial data from your institution's regulatory filings, so to the extent you find it helpful to do so, please feel free to refer to your institution's quarterly call reports to illustrate your answers. This is your opportunity to speak to the taxpayers in your own words, which will be posted on our website.

What specific ways did your institution utilize CPP capital? Check all that apply and elaborate as appropriate, especially if the uses have shifted over time. Your responses should reflect actions taken over the past year (or for the portion of the year in which CPP funds were outstanding).

<input checked="" type="checkbox"/> Increase lending or reduce lending less than otherwise would have occurred.	The Troubled Asset Relief Program (TARP) Capital Purchase Program (CPP) funds enabled Trustmark to reduce lending less than otherwise would have occurred during this recessionary period. (Continued at (1) below.)
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<input checked="" type="checkbox"/>	To the extent the funds supported increased lending, please describe the major type of loans, if possible (residential mortgage loans, commercial mortgage loans, small business loans, etc.).	The TARP CPP capital provided flexibility for Trustmark in managing its balance sheet, and as such supported Trustmark's residential mortgage lending, its ongoing foreclosure mitigation efforts, and its lending activity in other areas of the U.S. economy. (Continued at (2) below.)
<input checked="" type="checkbox"/>	Increase securities purchased (ABS, MBS, etc.).	Based on its analysis of market conditions when it first participated in CPP, Trustmark determined that the proceeds of the Treasury investment initially would be best deployed in U.S. Government Agency mortgage-backed securities (MBS) until loan demand improved. (Continued at (3) below.)
<input checked="" type="checkbox"/>	Make other investments	No other investments were made using TARP CPP funds apart from the investments described in response to the immediately preceding question.
<input checked="" type="checkbox"/>	Increase reserves for non-performing assets	In 2009, Trustmark faced an increase in its non-performing assets. The TARP CPP investment served as an additional source of funding to assist Trustmark in maintaining its funding capacity and reserves to address the increase in non-performing assets (2009 10-K at p. 6).

✕	Reduce borrowings	To the extent that there was a reduction in any of Trustmark's borrowings in 2009, TARP CPP funds played a role by supporting factors that contributed to this change. These factors included Trustmark's strong liquidity position and its access to alternative funding sources. (Continued at (6) below.)
✕	Increase charge-offs	While TARP CPP funds were not used to increase charge-offs of non-performing loans, the TARP CPP funds did assist Trustmark in maintaining the liquidity necessary to handle an increase in necessary loan charge-offs on its balance sheet in 2009 (2009 10-K at p. 53).
✕	Purchase another financial institution or purchase assets from another financial institution	Trustmark did not use its TARP CPP funds to purchase another financial institution, or to purchase assets from another financial institution.
✕	Held as non-leveraged increase to total capital	Prior to its participation in TARP CPP, Trustmark exceeded all minimal regulatory capital ratios and met applicable regulatory guidelines to be considered well-capitalized. The TARP CPP investment served to further enhance this well-capitalized position (SIGTARP at p. 1; 2009 10-K at p. 25).

What actions were you able to avoid because of the capital infusion of CPP funds?

While there are no particular actions that Trustmark was able to avoid because of the capital infusion, there are certain measures that banks have had to take during economic recessions which Trustmark did not need to consider in light of its favorable liquidity levels and strong balance sheet. In particular, banks have had to borrow heavily in order to maintain adequate liquidity levels and decrease their lending activities to consumers and businesses. By contrast, Trustmark's economic health, which was in part due to the receipt of TARP CPP funds, enabled Trustmark to focus its efforts on increasing lending activity in residential mortgages and addressing economic difficulties in the real estate market.

In the Florida Panhandle real estate market, the economy declined as a result of overbuilding commercial developments of residential real estate, and Trustmark focused its efforts on resolving credit issues in this area. The Florida market represented approximately 8% of Trustmark's total loans but 52% of nonperforming assets, 62% of total provisioning and 53% of net charge-offs in 2009. As a result of this situation, Trustmark could have been required to reduce its lending activities elsewhere because of the influence of the Florida real estate market on its finances. The TARP CPP funds contributed to liquidity and flexibility on Trustmark's balance sheet, which in turn enabled Trustmark to make significant progress in resolving its construction and land development portfolio issues in Florida (2009 10-K at p. 50).

What actions were you able to take that you may not have taken without the capital infusion of CPP funds?

The role of the TARP CPP investment in Trustmark's business was a supportive one, reinforcing the bank's strong capital position and assisting it in activities to support an economic recovery. Trustmark elected to participate in the TARP CPP in November 2008 as a healthy, well-capitalized bank in order to position itself for continued success in a challenging economic environment. The TARP CPP funds were not segregated from Trustmark's other funds, and thus Trustmark is not generally able to directly trace these funds or pinpoint actions that would not have been possible without the funds. However, the one particular action that would not have taken place without the capital infusion from the Treasury was Trustmark's completion, on December 7, 2009, of the issuance of 6,216,216 shares of common stock in an underwritten public offering yielding net proceeds of \$109.3 million. Following discussions with federal regulators and utilizing the funding provided by this common stock offering, Trustmark redeemed all the Senior Preferred Stock from the Treasury on December 9, 2009. In this manner, Trustmark exited TARP CPP and returned taxpayer funds. The amount paid by Trustmark to redeem the Senior Preferred Stock consisted of \$215.0 million, which was equivalent to both the original issuance price and the liquidation value of the Senior Preferred Stock, plus final accrued dividends of \$716.7 thousand. In addition to this return of TARP CPP funds, the underwritten public offering on December 7, 2009 was deemed to be a success for Trustmark, and as a result, it placed Trustmark in an even stronger financial and market position (2009 10-K at p. 7).

Please describe any other actions that you were able to undertake with the capital infusion of CPP funds.

The infusion of TARP CPP funds supported Trustmark's multifaceted strategy in handling difficulties during the economic recession. This strategy had several elements that may not have been as successful without the TARP CPP investment. First and foremost, and as described herein, the funds assisted in maintaining Trustmark's strong liquidity position and flexibility in managing its balance sheet. This flexibility provided Trustmark with defensive positioning against a prolonged economic downturn. Second, the funds assisted Trustmark in facilitating additional lending to U.S. consumers and businesses, as well as providing support for its foreclosure mitigation programs. In the area of lending, Trustmark was able to make significant progress in the resolution of its construction and land development portfolio in Florida. This progress in tackling problem areas enabled Trustmark to focus its resources on lending activities to make credit available for U.S. consumers, homeowners and businesses. In addition to loans, the TARP CPP investment supported a range of measures to tackle problems in the U.S. housing market. Trustmark prioritized its ongoing foreclosure prevention and loan modification programs to assist homeowners. Loss mitigation counselors and additional support staff were added to accommodate the loss mitigation activity. Finally, the TARP CPP funds supported Trustmark's general operations and executive-level support for loans during the recession. Trustmark restructured its Senior Loan Committee to form two new committees composed of senior and executive management: the Commercial Loan Committee and the Real Estate Committee. Senior executives of the company were placed in lending roles specializing in particular loan products to address the needs of existing and prospective clients. These actions helped fulfill Trustmark's commitment to make credit available in the markets it serves and provide the best possible services to U.S. consumers and businesses. All of these steps taken by Trustmark as part of its strategy to address difficulties in the U.S. economy were supported by the TARP CPP investment. While it is likely that Trustmark would have taken these steps even without the government funds, the TARP CPP investment contributed to the resources available to Trustmark and helped make its strategy a success in a challenging economic environment. (SIGTARP at p. 2; 2009 10-K at p. 6, p. 24 and p. 52). Continued responses: (1) In the year ended December 31, 2009 as compared with 2008, loans by Trustmark declined by \$402.6 million to a total of \$6.320 billion; however, Trustmark's balance sheet remained strong, supported in part by TARP CPP funds, and this strength facilitated Trustmark's ability to maintain lending activity for loans meeting its historically prudent lending standards. Trustmark focused its efforts in 2009 on increasing lending activity in areas of concern for U.S. taxpayers, including residential mortgages. (Letter dated March 6, 2009 from Trustmark Corporation to Mr. Neil M. Barofsky, Special Inspector General of the Troubled Asset Relief Program, (SIGTARP), at page 2; Annual Report on Form 10-K, filed with the Securities and Exchange Commission on February 25, 2010 for year ended December 31, 2009 (2009 10-K), at p. 45). (2) To insure that all lending growth opportunities were addressed, Trustmark formed two new committees addressing two areas of loans: the Commercial Loan Committee and the Real Estate Loan Committee. In certain sectors, such as commercial lending, loan demand diminished consistent with the overall economy as this customer base took a conservative direction and postponed expansion. Conversely, residential mortgage activity increased in response to favorable interest rates and new government agency programs. At December 31, 2009, Trustmark National Bank's mortgage loan portfolio totaled approximately \$1.0 billion, up from \$900 million at December 31, 2008. The TARP CPP funds were not segregated and this increased lending was not directly traceable in a dollar for dollar manner to the TARP CPP. (SIGTARP at page 2; 2009 10-K at page 3; Amendment to Annual Report on Form 10-K, filed with the Securities and Exchange Commission on July 2, 2009 for year ended December 31, 2008 (2008 10-K/A), at p. 3). (3) Trustmark retained \$10.0 million of the proceeds in its parent company to provide for the 2009 dividend payments on the Senior Preferred Stock issued under the TARP CPP and invested the remaining \$205.0 million in its principal commercial bank and subsidiary, Trustmark National Bank (TNB). In turn, TNB invested the \$205.0 million of the proceeds, along with other funds obtained to leverage the TARP CPP investment, in MBS. With these investments, Trustmark provided incremental liquidity to the residential mortgage markets and at the same time obtained products that generated cash flow. Trustmark held the MBS assets on its balance sheet as available for sale. Trustmark utilized its cash flows, including those derived from its MBS investments and the proceeds of any sale or disposition of its MBS investments, to fund commercial and residential loans that met Trustmark's long-standing prudent lending standards, as well as to advance foreclosure mitigation efforts and otherwise support its business. (SIGTARP at p. 2 and 2009 10-K at p. 24). (6) Changes and reductions in Trustmark's borrowings occurred in several areas. First, as of December 31, 2009, Trustmark's short-term borrowings totaled \$907.0 million, a decrease of \$635.1 million, when compared with \$1.542 billion at December 31, 2008. Short-term borrowings of Trustmark consisted of federal funds purchased, securities sold under repurchase agreements, short-term Federal Home Loan Bank (FHLB) advances, the treasury tax and loan note option account and Term Auction Facility (TAF) borrowings from the Federal Reserve. Trustmark achieved the short-term borrowing reduction partly through its reduction in TAF borrowings from \$200 million in 2008 to none outstanding at December 31, 2009. The decrease in short-term borrowing also resulted from declines of \$158.1 million in federal funds purchased and securities sold under repurchase agreements and \$325.0 million in short-term FHLB advances as Trustmark focused on utilizing retail deposits as its primary source of funding. An additional factor in Trustmark's borrowings relates to its increased holding of investment securities in 2009. Trustmark increased its total investment securities by \$114.9 million during 2009. This increase resulted primarily from purchases of Agency guaranteed securities offset by maturities and paydowns. The TARP CPP funds enabled Trustmark to purchase these guaranteed securities, which in turn enabled Trustmark to use wholesale funding repurchase agreements, rather than other sources of borrowings, to help fund its operations. As of December 31, 2009, Trustmark had approximately \$245.5 million available in repurchase capacity compared to no repurchase capacity as of December 31, 2008. The role of TARP CPP funds in all of these changes in Trustmark's borrowings was significant, as these funds assisted Trustmark in its ability to strengthen its balance sheet and reduce the total amount of short-term borrowings (including TAF borrowings), as well as purchase the unencumbered investment securities necessary for wholesale funding repurchase agreements. (2009 10-K at p. 54).

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